

Message Text

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ACTION EB-08

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FM AMEMBASSY ANKARA
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AMCONSUL ADANA
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SUBJ: WORKERS'S REMITTANCES: JANUARY-JUN 1978

REF: (A) ANKARA 4932 (B) ANKARA 3179 (C) STATE 189030

1. REMITTANCE FLOWS FROM TURKISH WORKERS ABROAD TOTLED \$342.4 MILLION DURING THE FIRST HALF OF 1978, DOWN 24.6 PERCENT FROM THE SAME PERIOD IN 1977 AND THE SMALLEST FIRST SEMESTER INFLOW SINCE 1972. JUNE 1978 INFLOWS OF \$66.0 MILLION WERE 30 PERCENT BELOW THE JUNE 1977 TOTAL OF \$94.3 MILLION.

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2. COMPARATIVE BREAKDOWN OF SEMI-ANNUAL WORKERS' REMITTANCES BY MONTHS IS GIVEN BELOW:

WORKERS' REMITTANCES (MILLIONS US \$)

MONTH	1975	1976	1977	1978
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JANUARY	143.9	70.9	75.4	42.4
FEBRUARY	73.2	57.3	69.4	43.4
MARCH	69.1	58.5	70.6	73.5
APRIL	80.9	59.3	67.7	55.5
MAY	68.3	66.1	UYMU	61.6
JUNE	81.9	87.4	94.3	66.0
TOTAL	517.3	399.5	454.1	342.4

3. REMITTANCES NORMALLY JUMP DURING THE SUMMER MONTHS AS WORKERS RETURN TO TURKEY FOR VACATIONS; HOWEVER, SINCE JUNE INFLOWS WERE A SCANT 7 PERCENT ABOVE THE MAY TOTAL, THE NUMBERS OF RETURNING WORKERS THIS YEAR MAY NOT BE AS HIGH AS IN PREVIOUS YEARS. THE FACT THAT THE MOSLEM RAMAZAN FASTING PERIOD OCCURS IN AUGUST MAY ALSO REDUCE THE NUMBER OF VACATIONERS IN THAT MONTH.

4. THIS POOR SUMMER OUTLOOK WOULD INDICATE THAT ANNUAL 1978 REMITTANCES ARE LIKELY TO BE IN THE \$700 MILLION TO \$800 MILLION RANGE. THE PROSPECTIVE REMITTANCE SHORTFALL WOULD REDUCE FOREIGN EXCHANGE AVAILABLE TO FINANCE IMPORTS BY \$500 MILLION TO \$600 MILLION. POOR EXPORT PERFORMANCE PROSPECTS HAVE ALREADY CAUSED THE GOVERNMENT TO LOWER ITS ESTIMATE OF 1978 IMPORTS FROM THE \$5 BILLION TARGETTED IN THE ANNUAL PROGRAM TO \$4.5 BILLION. THE EQUALLY POOR REMITTANCE PROSPECTS COULD FORCE A FURTHER REDUCTION IN IMPORTS TO \$4.0 BILLION.

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5. IN AN EFFORT TO INCREASE ITS FOREIGN EXCHANGE INFLOWS, THE GOVERNMENT ISSUED A DECREE ON JULY 28 GIVING TURKISH CITIZENS LIVING ABROAD THE RIGHT TO MAKE A FOREIGN CURRENCY PURCHASE OF ONE TURKISH MADE CAR, TRACTOR, TRUCK, OR BUS. THE ONLY BENEFIT GIVEN TO FOREIGN CURRENCY BUYERS IN THE DECREE IS THAT THEY WOULD GET IMMEDIATE DELIVERY OF THE VEHICLE, AVOIDING THE CURRENT ONE OR TWO-YEAR WAITING PERIOD FOR DELIVERY. THOSE TAKING ADVANTAGE OF THE DECREE WOULD NOT BENEFIT FROM A PRICE REDUCTION (FOR EXAMPLE, THE TURKISH MADE FIAT 131 COSTS THE EQUIVALENT OF \$8,500), AND IN ADDITION, THEY WOULD LOSE THE RIGHT TO IMPORT A FOREIGN-MADE VEHICLE EXEMPT FROM DUTY (THE IMPORT WITH WAIVER SYSTEM) FOR FIVE YEARS, A FACT WHICH GREATLY REDUCES THE DECREE'S POTENTIAL APPEAL. THE STOP-GAP NATURE OF THIS MEASURE IS ALSO EVIDENT IN THAT IT IS VALID FOR ONLY SIX MONTHS. ((SEE ANKARA 3179 FOR BACKGROUND TO THIS DECREE.))

6. ONE POSSIBLE EXPLANATION FOR THE DECREASED LEVEL OF WORKERS' REMITTANCES IS THAT, OF THE OVER 800,000 TURKISH WORKERS OFFICIALLY REGISTERED IN EEC COUNTRIES, ABOUT 98 PERCENT HAVE BEEN EMPLOYED REGULARLY FOR FIVE YEARS OR MORE. AFTER FIVE YEARS, A GUEST WORKER GAINS LESS RESTRICTED EMPLOYMENT OPPORTUNITIES IN THE EEC AND LEGALLY HAS FREE ACCESS TO ANY SALARIED ACTIVITY OF HIS CHOICE

IN HIS EC STATE OF RESIDENCE. THIS IMPROVEMENT IN JOB RIGHTS
REINFORCES THE TENDENCY FOR MIGRANT WORKERS TO SETTLE AND BECOME
PERMANENT RESIDENTS IN STATES WHERE THEY HAVE FOUND EMPLOYEMENT
AND TO WEAKEN LINKS WITH THEIR HOME COUNTRIES. THIS STRUCTURAL
CHANGE IN THE NATURE OF GUEST WORKERS IN EUROPE IMPLIES THAT
WORKERS' REMITTANCES SHOULD BE A DECLINING SOURCE OF FOREIGN
EXCHANGE FOR TURKEY IN THE FUTURE.

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